

As farmgate prices drop, sugar farmers deal with dwindling earnings for their cane harvest

By **Adrian H. Halili**
Reporter

THE decline in sugar farmgate prices is squeezing small farmers, who have no choice but to take what traders are willing to bid for the cane they harvest from their handful of hectares.

Loreta Inson, a sugar farmer from La Carlota City, Negros Occidental, told *BusinessWorld* that traders offered about P30,000 for the 13 metric tons of sugarcane harvested from her land.

"From our 38.5-hectare farm, we were able to harvest about 13 metric tons of sugarcane...we spent about P25,000 on fertilizer, labor, and hauling," she told *BusinessWorld*.

She said she netted between P4,000 and P5,000 from the sale.

"Whatever is left we would use it again for capital because sugar prices are low... If prices were steady, maybe we could break even," she said.

Ms. Inson said that with the onset of the dry conditions brought on by El Niño, yields are likely to decline.

Farmer incomes are on the line with every government decision to import sugar, adding to the supply of the commodity, which in turn reduces their bargaining power with the traders buying their crop.

The government, in turn, blames high sugar retail prices for its import decisions, suggesting that it has had to weigh the interests of producers against those of consumers.

Against this backdrop lie allegations of price manipulation somewhere along the supply chain, with the low

farmgate prices not showing in the retail selling prices.

Vimaca Farmers Producers Cooperative Regional Manager and Corporate Secretary John Pedrosa said imports are mainly behind the decline in selling price for raw sugar.

"At the start of milling season, there were about 10 million bags of refined sugar with an additional of 2 million coming in, so you can just imagine how its going to affect the prices (at the farm level). There are excessive imports of refined sugar and it has also affected the cost of raw," Mr. Pedrosa told reporters in a briefing organized by the Sugar Regulatory Agency (SRA) over the weekend.

He said importers are selling the commodity at a much lower price than domestic sugar, reflecting the more efficient sugar industries of the source countries.

As such, imports effectively deny domestic farmers access to a segment of the consumer market, leaving Philippine farmers to sell mainly to processors, the main market for raw sugar.

He said instances of "failure of bidding" are not uncommon if the prices offered by traders are too low.

"Sometimes we just give advances to the planters so that they have money for the next bidding round; that's the worst-case scenario," he said.

The SRA reported that raw sugar is trading below its target of P3,000 per bag. Raw sugar is averaging between P2,500 to P2,700 per bag.

SRA Administrator Pablo Luis S. Azcona said that even though farmgate prices for sugar are declining, retail prices remain stable.

SRA batting for P2-billion budget to finance sugar industry dev't

THE Sugar Regulatory Administration (SRA) said it is batting for funding of P2 billion in 2024 to help it implement the Sugar Industry Development Act (SIDA).

"What we are trying to do now is before the year ends, is to try to seek approval for the 2024 budget so when the new year starts, we can start moving," Administrator Pablo Luis S. Azcona said at a briefing last week.

Currently 50% of SIDA funds go to the construction of farm-to-market roads (FMR). The remaining funds are allocated to research and mechanization, socialized credit, block farm development, with 10% dedicated to scholarships.

"Currently, the block farm... scholarship and FMR (budgets are) fully utilized... The part that we hope we can fully

utilize is socialized credit," he said.

He added that the regulator is also pushing to improve soil laboratories to boost sugar production.

He pushed for more scientific methods of farming to make the industry more cost-efficient and globally competitive.

Mr. Azcona said that one of the reasons for the decline in SIDA

funding was a three-year delay in purchasing of P500 million worth of machinery and equipment.

He added that this has been remedied by overhauling the procurement process.

SIDA, also known as Republic Act 10659, seeks to raise the competitiveness of the sugarcane industry and improve incomes of farmers and workers. — **Adrian H. Halili**

With domestic crop damaged by rain, China searches far and wide for wheat

CHINA is scouring the globe for wheat, with annual imports on track to hit record levels, as buyers scoop up cheap supplies after heavy rains damaged the domestic crop.

Following a splurge on Australian wheat earlier in the year, large quantities have been booked this month from some of the other main exporters, including the US, Canada, and France, according to traders, who declined to be identified discussing private business.

The buying spree comes after international wheat prices dropped to a three-year low at the end of September. Although that signals supplies are ample for now, China's growing appetite adds an element of uncertainty to supply chains that have become increasingly vulnerable to war and protectionist trade policies.

"China's wheat imports will be strong going forward, and for sure they will exceed the annual quota," said Darin Friedrichs, co-founder of Sitonia Consulting Co. "It seems like China's bought up all of the easily exported supplies



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from Australia and is now needing to go further afield."

Beijing uses quotas to manage imports of staples like wheat. It allows 9.636 million tons a year of the grain at a 1% tariff, with 90% of the allocation going to government firms. Above that cap, the tariff rises to 65%, a level usually out of reach for private buyers but not for the state-owned giants.

For years, the quota was never used up. But that changed in 2020 as Beijing's trade deal with the Trump administration boosted purchases from the US. Last year, total imports hit a record 9.96 mil-

lion tons as buyers swapped in wheat for other ingredients in animal feed, and Chinese citizens eat more bread. China now vies with Egypt as the world's top importer.

Overseas purchases in the first eight months of 2023 have hit 9.56 million tons, with more than 60% sourced from Australia. Buyers are surveying the southern hemisphere nation's upcoming harvest for future supplies, as well as watching crop conditions in alternative origins like Kazakhstan, the traders said.

Ever mindful of ensuring food security for its one-billion-plus

population, Beijing is keen to build up its grain stockpiles, particularly against the backdrop of the war in Ukraine — another big exporter — and increasingly frequent bouts of extreme weather as the planet warms.

China's recent buying activity is largely tied to the weather problems it experienced as this year's crop approached harvest, said Arlan Suderman, chief commodities economist at StoneX Financial, Inc. He estimated that persistent rains reduced the quality of 30 million to 40 million tons of wheat, leaving it suitable for livestock feed but not human consumption.

"That increased the need for China to buy higher-quality milling wheat from the world market, to blend with its own wheat to meet its goals for food quality," Mr. Suderman said.

China's summer wheat crop, which makes up the bulk of the harvest, fell 0.9% to 134.53 million tons this year, according to official data. That's the first decline in seven years. — **Bloomberg**

Industry ponders the 'long road' before hydrogen becomes viable

By **Sheldeen Joy Talavera**
Reporter

HYDROGEN is expected to play a key role in advancing the green energy transition, though it will take time before it becomes cost-effective, analysts said.

Sam Reynolds, an energy finance analyst at the Institute for Energy Economics and Financial Analysis, told *BusinessWorld* that hydrogen for power generation has a "long road ahead before it becomes a viable, affordable energy source."

He said that green hydrogen, which is produced from renewables, costs up to \$8 per kilogram, equivalent to \$60 per million British thermal units — about six times of the price of liquefied natural gas in Asia.

"Although the price of green hydrogen is expected to fall over the next several decades, this will depend on the Philippines' ability to build out enough domestic renewable energy capacity to both meet electricity demand and potential demand for hydrogen production," he said.

Nevertheless, the benefits promised by hydrogen remain enticing" Jephraim C. Manansala, chief data scientist for the Institute for Climate and Sustainable Cities, said in an e-mail.

"Hydrogen, whether explored from indigenous sources (native hydrogen) or produced from renewable energy, offers an opportunity to enhance our energy security and contribute to the energy transition," he added.

The Philippine Energy Plan 2020-2040 considers hydrogen to be a key alternative fuel. Its use in power generation is expected to support national objectives to diversify fuel sources, reduce greenhouse gas emissions, and increase the share of renewable energy (RE) in the power mix.

"What is up for discussion internally, of course with the Department of Energy (DoE), is that whether or not we tap hydrogen produced from renewable energy as a subset of renewable energy, or (whether to treat it as a) subset of alternative fuels," Patrick T. Aquino, director of the DoE Energy

Utilization Management Bureau, said in a public consultation Friday.

The DoE has drafted a circular that seeks to set national policy and guidelines governing hydrogen use. It treats hydrogen as an "innovative energy source to meet energy demand in the power, transportation, commercial, and industrial sectors."

In the proposed circular, the DoE said that the "prospective uses of hydrogen in the energy sector shall be divided into power generation and electricity storage applications and non-power applications."

"In power generation, hydrogen has the potential to serve as a backup power source to complement the variability of sources like solar and wind. It can also be a solution for supplying electricity to off-grid and remote areas, as many of these areas currently rely on diesel as their primary fuel source," Mr. Manansala said.

Analysts are skeptical about the use of hydrogen in co-firing applications, especially in coal power plants, due to efficiency, sustainability, and cost concerns.

"Co-firing with fossil-based ammonia can even result in higher emissions compared to natural gas power plants, largely due to ammonia production emissions," Mr. Manansala said, citing a report from Bloomberg New Energy Finance.

Mr. Reynolds said that "co-firing hydrogen ammonia in coal-fired power plants would still emit significant amounts of carbon dioxide."

"And while clean hydrogen production holds promise for decarbonization across various sectors, 96% of global hydrogen supply is currently produced using fossil fuels," he added.

Mr. Aquino set the regulations in the proposed circular will take heed of environmental considerations.

"Later on, once we do convene the Hydrogen Energy Industry Committee, committee members can see possible technological innovations or interventions that can be done to minimize these particular aspects," Mr. Aquino said.

"We also take note that under existing regulations, the impact or the categorizations outlined are not

specifically spelled out, but we are mindful (that) commitments of the Philippine government to mitigate climate change (are) important," he added.

Hydrogen is being deployed — through transport, power generation, or industrial use — in Japan, China, South Korea, the US, and Germany, according to Mr. Aquino.

"Creating a strategy and guidelines for the hydrogen economy is a valuable move toward advancing the energy transition," Mr. Manansala said.

"We welcome the DoE's foresight in recognizing hydrogen as a viable and cleaner energy option that can help augment the future energy demand in the Philippines," he added.

Mr. Reynolds said that the transport of hydrogen may be a challenge due to the country's "very little infrastructure."

"Hydrogen is very difficult to transport because of its low energy density, which can cause pipeline embrittlement and safety issues. Conversion of hydrogen to ammonia might make transportation easier but would entail significant energy losses, lowering round-trip efficiency and raising costs," he said.

Mr. Aquino said private companies are gearing up to study where to locate future hydrogen infrastructure.

"We take cognizance of the fact that we do have private sector proponents... actively looking and exploring sites," he said.

Analysts said the Philippines has yet to scale up RE and backed hydrogen deployment in industries with limited alternatives for decarbonization.

Mr. Manansala said RE sources "must still be deployed at speed and scale to support the future energy demand and the green hydrogen economy."

"In the power sector, renewables and battery storage facilities are likely to prove more cost-effective for the energy transition and power sector decarbonization efforts," Mr. Reynolds said.

The government wants to boost the share of RE in the power mix from about 22% at the end of 2022 to 35% by 2030 and 50% by 2040.



Photo shows: ASC Executive Director Digna Santos, ASC Ad Content and & Operations Manager Robbie Aligada, Philippine Star/Business World Sales & Marketing Head Jay Sarmiento, Philstar Media Group Executive Vice President Lucien Dy Tioco, ASC Compliance Manager Erwin Ferruganan, PANA Executive Director Bobby Simborio, PANAF Chairperson Blen Fernando, PANAF Trustee and PANAnaw Vice Chair Allan Misa Fontanilla

Philippine Star, ASC and Ad Foundation join PANAF for a purposeful Youth Creativity Festival 2023

The Youth Creativity Festival (YCF) 2023 of the Philippine Association of National Advertisers Foundation (PANAF) have just become bigger with the Ad Standards Council (ASC) and its education arm Ad Foundation, and Philippine Star vowing to be key stakeholders to support the event.

The ASC celebrates its 16th year and reaching out to the youth is its primary direction while Philippine Star is the key presenter of the event.

With the theme "Purposeful Creativity: Responsible Content Creation and Consumption", the YCF has evolved from an annual PANAF event into a Philippine advertising industry-wide collaborative program, according to PANAF Chairperson Ma. Belen Fernando who was responsible for inviting Ad Foundation to be major advocacy stakeholder.

"We want to educate and inject the right values advocated by PANAF, ASC, and Ad Foundation to the marketing, communications, and advertising students who will become the future members of the advertising industry," Fernando revealed.

Fernando said that PANAF, ASC, and Ad Foundation want to have a key role in molding a generation of responsible content creators and audience in this digital age.

"By highlighting values and education, we want both PANAF YCF and PANAnaw Students Marketing Competition Awards this year to inculcate responsible content creation and consumption to counter the unintended consequences of digitalization such as fake news and disinformation," Fernando said.

This year's YCF which is set to take place on October 20, 2023 promises a line-up of speakers headed by renowned Filipino filmmaker Antoinette Jadaone who is known for directing the hit movie "That Thing Called Tadhana". Other speakers are Visual Artist and Director Raco Ruiz, Content Creator and Comedian Macoy Dubs, Popular Voice Talent and Content Creator Inka Magnaye, and Comedian and Content Creator Bogart the Explorer.

These speakers are all from the Creators and Influencers Council of the Philippines (CICP), the key partner of PANAF Foundation for this year's program content.

The PANAnaw Awards, which will be held on October 21, 2023, tackles the relevant and compelling case study theme, "An Urgent Call for Education Innovation." Qualified schools will compete by presenting their selected communications plans, vying for not the prestige and honor that accompany the victory, and not just the trophies, medals and substantial cash awards.

PANAF also added educational roadshows in select cities outside Metro Manila which will start in Angeles City's Holy Angels University on October 13, 2023. Other cities will be announced soon.

PANAF, the advocacy arm of PANA, was established in 1980 and now repositions itself to educate the youth with the right knowledge and values to produce a responsible generation of marketing, creative and advertising professionals in the future.